

Public Service Commission of the District of Columbia

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IN REPLY REFER TO

August 15, 1997

VIA HAND DELIVERY

Mr. William Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

RE: CC Dockets 96-45 and 97-160

Dear Mr. Caton:

The Public Service Commission of the District of Columbia ("the DCPSC"), by and through counsel, hereby gives notice of its intent regarding the filing of a universal service cost study pursuant to paragraph 248 of the FCC's Report and Order on Universal Service¹ and the FCC's Public Notice of July 29, 1997.²

The FCC Order requests each State to elect by August 15, 1997, whether it will 1) conduct and submit to the FCC its own cost study to be used as the basis for calculating federal universal service support, or 2) allow the FCC to determine the cost of providing universal service in that State using a forward-looking, economic cost methodology that the FCC intends to adopt pursuant to the Further Notice of Proposed Rulemaking released on July

¹ Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, FCC 97-157 (rel. May 8, 1997) ("FCC Order").

² Criteria for State-Conducted Economic Cost Studies, CC Docket No. 96-45, Public Notice, DA 97-1501 (rel. July 29, 1997).

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18, 1997.³ The FCC Order encourages States to use ongoing proceedings to develop unbundled network element prices as the basis for their universal service cost studies.⁴ The FCC Order further provides that the FCC will not accept a State cost study for purposes of calculating federal universal service support unless the State's study meets the 10 criteria set forth in the FCC Order and is the same study used by the State to determine intrastate universal service support levels.⁵

The DCPSC is currently considering cost studies submitted by parties in proceedings to set permanent rates to replace the interim rates for interconnection and unbundled elements that were adopted in arbitration proceedings and to include in Bell Atlantic - Washington, D.C., Inc.'s Statement of Generally Available Terms and Conditions ("Formal Case No. 962"). Also, the DCPSC will soon initiate a proceeding pursuant to section 4 of the District of Columbia Telecommunications Competition Act⁶ to determine the cost of providing universal service in the District ("the D.C. Universal Service Cost Proceeding"). In accordance with the FCC's recommendation, the DCPSC may use the cost study adopted in Formal Case No. 962 as the basis for developing a cost study for universal service in the D.C. Universal Service Cost Proceeding. Given that the DCPSC has not yet adopted a cost study in Formal Case No. 962, and has not yet initiated the D.C. Universal Service Cost Proceeding, it is premature for the DCPSC to state at this time whether the DCPSC's universal service cost study will conform to all of the FCC criteria.

The DCPSC expects to adopt soon a cost study for unbundled elements in Formal Case No. 962. The DCPSC also expects to decide as an initial matter in the D.C. Universal Service Cost Proceeding, based on input from parties, the extent to which the cost study adopted in Formal Case No. 962 may be used for the purpose of determining universal service cost support, and whether the DCPSC's universal service cost study should conform to the FCC criteria. The DCPSC will inform the FCC of its decision as soon as possible after deciding these issues. If the DCPSC determines that its universal service cost study will conform to the FCC criteria, then the DCPSC will endeavor to complete consideration of the study and file it with the FCC no later than the FCC's deadline of February 6, 1998. Therefore, and for the reasons stated above, the DCPSC does not elect at this time for the

³ Further Notice of Proposed Rulemaking, CC Docket Nos. 96-45 and 97-160, FCC 97-256 (July 18, 1997).

⁴ FCC Order ¶ 251.

⁵ Id.

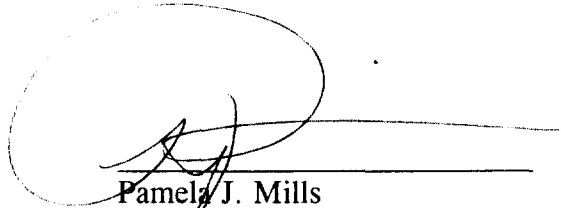
⁶ D.C. Code § 43-1453.

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FCC to calculate the cost of federal universal service support in the District using the FCC's methodology. The DCPSC reserves the right to elect that option after it decides the issues described above.

If you have any questions, please contact the undersigned at the above address or telephone number. Enclosed is a copy of this letter that I would appreciate your date-stamping and returning to me with the messenger. Thank you for your kind assistance.

PUBLIC SERVICE COMMISSION OF
THE DISTRICT OF COLUMBIA



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cc: Ms. Sheryl Todd
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